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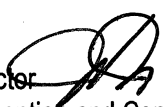
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April 5, 2011

TO: Each Health Deputy

FROM: John Viemes, Jr., Director   
Substance Abuse Prevention and Control

SUBJECT: **NOTICE TO TERMINATE A CONTRACT WITH OPEN ARMS MEN'S CENTER  
INCORPORATED, A DRUG/MEDI-CAL AGENCY**

This is to inform you that the Department of Public Health (DPH) is terminating its contract with Open Arms Men's Center, Inc., because they have had multiple years of Title 22 violations, had backdated and predated treatment plans, provided services at a non-certified location, continued to bill for discharged clients, failed to put progress notes into charts within 48 hours, and billed for group services that were allegedly performed by counselors whose time cards indicated that they were not working at the time the groups were performed. The agency is located at 11502 South Vermont Avenue, Los Angeles, California 90044, in the Second Supervisorial District.

On November 5, 2008, the Board of Supervisors delegated the authority to the Director of DPH, or his designee, to terminate contracts with agencies for DMC program services, following County Counsel review and approval, and notification to the Board and the Chief Executive Office (CEO).

Attached is a list of authorities and findings that necessitate the termination of this contract.

If you have any questions or need additional information, please let me know.

JV:mak

**Attachment**

c: Sheila Shima  
Robert Ragland  
Jonathan E. Freedman  
Doraine Meyer  
Tami Omoto-Frias  
John Viemes, Jr.

**COUNTY OF LOS ANGELES – DEPARTMENT OF PUBLIC HEALTH  
SUBSTANCE ABUSE PREVENTION AND CONTROL**

**OPEN ARMS MEN'S CENTER INCORPORATED  
CONTRACT TERMINATION REPORT  
March 2011**

**BACKGROUND**

Open Arms Men's Center Incorporated (Open Arms) has been under Contract with the County of Los Angeles Department of Public Health, Substance Abuse Prevention and Control (SAPC) to provide Drug/Medi-Cal (DMC) services since Fiscal Year 2006-2007. Open Arms' most recent annual audit was performed on September 28 and October 13, 2010, and January 5, 6, and 20, 2011.

**METHODOLOGY**

In September 2010, SAPC staff began a regular annual audit of Open Arms. During those two days of on-site auditing, staff uncovered indicators that the agency was providing services off-site at a non-certified location and was continuing to bill for discharged clients. Later review of documents back at the office revealed that the agency was billing for group services that were performed by counselors whose time cards indicated that they were not working at the time the groups were performed.

In December 2010, the agency requested that SAPC transfer funds from one exhibit to another and also requested an additional allocation due to increases in utilization. Funding increase requests normally result in closer scrutiny of utilization and often necessitate additional site visits and review of agency documentation. As there were already very serious concerns raised in the annual audit, the decision was made to revisit the agency and seek additional documentation and explanations for the items already uncovered.

The additional site visits occurred on January 5, 6, and 20, 2011. These audits revealed further supportive evidence that substantiated the previous concerns. For example, staff copied documents on the first day of the January visits and found that the agency back dated those same documents between that first day and the last day of the visit. Additionally, it was found that documents were falsified during the course of the audit.

**FINDINGS**

The following is a summary of the most serious deficiencies related to Open Arms' ongoing violations of Title 22 regulations, State certification standards, and contract requirements:

1. **Requirement:** In accordance with the Substance Abuse Prevention and Control Services Agreement, Paragraph 1, entitled TERM, which states, "Director or his designee may also terminate and/or suspend this agreement immediately upon the occurrence of any of the following events... Contractor fails to obtain or maintain in effect, without suspension or any restriction, all licenses, permits and/or certifications, as required by all Federal, State, and local laws, ordinances, regulations, and directives, which are applicable to Contractor's facility(ies) and services under this agreement."

**Finding:** Staff from Open Arms had been providing group counseling sessions at the Loving Life Group Home, which is a non-DMC certified location. This finding is supported by a verbal

verification by Loving Life Group Home staff and a written verification by the facility's administrator. Additionally, Open Arms' staff who wrote discharge summaries for clients that lived at the group home wrote that the clients were referred back to the Open Arms main office on Vermont. One would not be referred back to the place where they were supposedly receiving services all along.

2. **Requirement:** In accordance with Title 22, Drug Medi-Cal Substance Abuse Services, Section 51341.1 (b) (8) which states, "Group counseling means face-to-face contacts."

**Finding:** All clients that were receiving Day Care Habilitative services at the Loving Life Group Home were discharged by Open Arms' staff at the end of August 2010. However, financial records show that Open Arms continued to bill for these same clients for the month of September. On closer inspection, SAPC auditors were able to verify that those clients began receiving services at another contractor's facility at the beginning of September 2010.

3. **Requirement:** In accordance with Title 22, Drug Medi-Cal Substance Abuse Services, Section 51341.1 (b) (8) which states, "Group counseling means face-to-face contacts."

**Finding:** A review of time cards for agency staff revealed that three counselors had signed client sign-in sheets for groups that they allegedly had performed that were held at times that conflicted with their approved time cards. This occurred a total of 13 times over a three month period.

4. **Requirement:** In accordance with Title 22, Drug Medi-Cal Substance Abuse Services, Section 51341.1 (h) (3) (A) which states, "...the counselor shall record a progress note for each beneficiary participating in an individual or group counseling session."

Additionally, in accordance with Exhibit A of the Outpatient Drug Free Services Agreement, Paragraph 9(O), entitled, SPECIFIC SERVICES TO BE PROVIDED, which states, "Documentation of progress notes shall be placed in the clients chart within forty-eight (48) hours after the counseling session."

**Finding:** Staff identified 302 group sessions that did not have progress notes in the charts for the months of August, September, October and November, 2010. Additionally, staff found 32 progress notes for October and November, 2011, that recorded the client as a "no show," yet Contractor still billed for providing the services.

5. **Requirement:** In accordance with SAPC's June 3, 2010 Memo to Drug/Medi-Cal Providers, entitled, Conditions for Immediate Contract Termination, which states, "...Effective immediately, the following audit findings will result in immediate contract termination because SAPC considers these as fraudulent practices: Pre-generated treatment plans, progress notes, medical waivers, and group sign-in logs; Backdated treatment plans, progress notes, and medical waivers; and Pre-dated treatment plans, progress notes, medical waivers, and group sign-in logs."

**Finding:** During the site visit conducted on January 5, 2011, the auditor identified nine treatment plans that were lacking appropriate signatures and dates. On January 20, 2011, the same treatment plans were reviewed again. The second review revealed that

Open Arms Men's Center Inc.

March 29, 2011

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the agency had post dated all the plans with dates prior to January 5, 2011, and they all now bore signatures of the counselor, supervisor, and medical director.

### **CONCLUSION**

Based upon the above facts, it is recommended that the Contractual Agreement between the County of Los Angeles and Open Arms Men's Center Incorporated be terminated immediately.